

**REMARKS**

Claims 1-10, 16-20 and 39-44 are pending in the application.

**Section 101 Rejection**

Applicant disagrees with the Examiner's rejection of the pending claims as directed to non-statutory subject matter. 35 U.S.C. §101 provides that "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof may obtain a patent therefore..." Each of the pending claims is directed to either a process or article of manufacture, and therefore meets the requirements of Section 101.

The Examiner's position that the claims failed to satisfy §101 because they fail to recite a "technological basis," is without merit. As the Court stated in State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d, 1368 (Fed. Cir. 1998):

The plain unambiguous meaning of §101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35 ... The repetitive use of the expansive term "any" in §101 shows Congress' intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in §101. Indeed, the Supreme Court has acknowledged that Congress intended § 101 to extend to "anything under the sun that is made by man." Thus, it is improper to read the limitations into §101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations. State Street, 149 F.3d 1372-1373 (emphasis applied, citations omitted).

Contrary to the Examiner's assertion, the Federal Circuit's decision in State Street makes clear that is improper to read any "technological basis" requirement into §101.

The Examiner's assertion that the Federal Circuit in State Street never addressed the so-called "technological basis" limitation on patentability is without merit. In State Street, the Federal Circuit stated **without exception** that "it is improper to read limitations into §101 on the

subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations.” State Street, 149 F.3d 1373. The “technological basis” limitation that the Examiner now seeks to read into § 101 represents an improper limitation on patentability that was clearly and expressly prohibited by the plain language of the State Street decision.

The test for patentability set forth in State Street is whether the claims recite a “useful, concrete and tangible result.” However, the Examiner appears to have utterly ignored this test in rejecting Applicant’s claims. There is no dispute that the present claims are useful and the Examiner has not articulated even a single reason why the present claims fail to produce either a concrete or tangible result. When the test set forth in State Street is applied to Applicant’s claims, it is clear that Applicant’s claims recite statutory subject matter. In State Street, the Federal Circuit found that the “Hub and Spoke” software that was the subject of the State Street decision met the utility requirement of §101, because, the software admittedly produced a “useful, concrete, and tangible result.” The usefulness of the result was not diminished by the fact that the result was “expressed in numbers such as price, profit, percentage, cost, or loss.” See State Street, at 1375. Like the invention in State Street, each of the claims in the present application produce a useful, concrete, and tangible result - namely the transformation of bids received during the conduct of an auction. To the extent that the Examiner maintains the rejection based on non-statutory subject matter, Applicant respectfully requests that the Examiner explain how the transformation of bids received during the conduct of an auction as presently claimed could fail to constitute a useful, concrete and tangible result.

Finally, even assuming for purposes of argument that there were a “technological basis” requirement for patentability, it strains the imagination to suggest that the present claims would

fail to meet such a requirement. As presently worded, for example, the body of claim 1 recites the following “technological” limitation:

“(c) for at least a first potential bidder, transforming, **using a computer**, said selected value into a first bidder comparative bid parameter value that is used to create a second view of the Dutch auction for said first potential bidder, wherein said second view is associated with a first auction item having a first characteristic...”

In addition, the preamble of claim 1 recites that the claimed method is a “computer-implemented” method. Since both the body and preamble of claim 1 clearly require the use of a computer in the claimed method, the Examiner’s suggestion that the process steps of the claimed invention are performed without any technological basis is therefore simply without merit.

Thus, for the reasons set forth above, applicant respectfully submits that the Examiner’s rejection of the present claims under §101 is without merit, and should be withdrawn.

#### Obviousness Rejections – Claims 1-10; 16-20

Claims 1-10 and 16-20 stand rejected over Ausube (383) in view of Rackson in further view of Popolo. Each of these claims require “for at least a first potential bidder, transforming, using a computer, said selected value into a first bidder comparative bid parameter value that is used to create a second view of the Dutch auction for said first potential bidder, wherein said second view is associated with a first auction item having a first characteristic; and for at least a second potential bidder, transforming said selected value into a second bidder comparative bid parameter value that is used to create a third view of the Dutch auction for said second potential bidder, wherein said third view is associated with a second auction item having a second characteristic that is different from said first characteristic.” Support for these limitations is found in the specification, for example, at p. 16, line 15 –p. 17, line 2; p. 19, line 15 – p. 22, line 13, which describes an auction where Supplier A and Supplier B each compete to supply an item

with a different characteristic to a buyer, i.e., each supplier competes to supply coal with a different BTU/ton value to the buyer.

It is respectfully submitted that creating a first view for the auction originator, as well as two further views for two different bidders each of which is associated with an auction item having a different characteristic, as set forth in claims 1-10 and 16-20, is neither shown nor suggested by the cited references. The Examiner does not maintain that the aspect of the invention highlighted in the sentence above is taught by Ausubel or Rackson. Instead, the Examiner has reasoned that this feature is shown at col. 1, line 56 – col. 2, line 7 of Popolo, which read as follows:

In accordance with the present invention a system for managing steel inventories is proposed to reduce the time and expense associated with selling prime and secondary steel that is no longer needed for the original intended application. The system permits sellers to post detailed specification of an item for sale and permits buyers to browse or search the posted inventory to locate items filling specific needs. A buyer may bid on part or all of an item posted and the seller may accept or reject any bid. The buyer and seller engage in an auction by electronic mail and optionally by facsimile. The detailed specifications of the item may be expressed in a variety of units of measure. Regardless of unit of measure used by a seller in posting an item, the system performs the necessary conversions to display information to an interested buyer in a unit of measure set by the buyer. (Emphasis added).

While this provision of Popolo arguably teaches presenting information about a “posted item” to a buyer in different views based on a unit of measure selected by the buyer, the characteristics of the “posted item” remain the same regardless of the unit of measure selected. For example, if the posted item corresponded to an item of steel having a certain weight, the actual weight of the posted item of steel in Popolo would remain the same regardless of whether the weight was expressed to the buyer in pounds or kilograms. Thus, the actual characteristics of the posted items themselves does not vary between different bidder views in Popolo. By contrast, in the present claims, bidders are competing to supply items with different characteristics (e.g., each

bidder competes to supply coal with a different BTU/ton value) to the auction, and the view presented to each bidder varies based on the particular characteristics of the item each bidder is competing to supply . It is respectfully submitted that these aspects of the present invention are not shown by Popolo, or any other prior art relied upon by the Examiner. Reconsideration of the Examiner's rejection of the claims 1-10 and 16-20 is therefore respectfully requested.

Obviousness Rejections – Claims 39-44

Claims 39-44 stand rejected over Ausube (383) in view of Rackson in further view of Alaia et al. Each of these claims require the definition of a third bid value between a first bid value and a second bid value, and “sequentially transmitting information reflective of said sequence of bid values to said set of potential bidders, wherein in the absence of an acceptance of a posted price by a bidder in said set of potential bidders, said step of sequentially transmitting continues until said **second** bid value is reached; and sequentially transmitting to said individual bidder, in the absence of an acceptance of a posted price by said individual bidder, information reflective of said sequence of bid values up until said **third** value is reached.” The Examiner appears to acknowledge that this aspect of the claims is absent from Ausube (383) and Rackson. However, the Examiner has reasoned that this limitation is taught by Alaia.

Applicant has reviewed the Alaia reference and has been unable to identify any teaching that would suggest limiting the transmission of bid values to an individual bidder in a Dutch auction when a third value is reached while allowing the transmission of bid values to other bidders to continue until a second (different) bid value is reached, as set forth in claims 39-44. In rejecting claims 39-44, the Examiner has cited to Alaia at Fig. 10 and col. 12, lines 40-60, which provides as follows:

In an alternative embodiment, multiple parameters are stored in storage 22B. These multiple parameters specify the individual minimum intervals between the closing times of the multiple lots. The individual minimum intervals can be based upon the characteristics of the lot itself or various indicia reflective of the market activity for the lot. The individual minimum intervals can therefore be dynamic in nature.

The operation of the flexible market closing extensions feature is illustrated in the flow chart of FIG. 11. The process for dynamically extending the closing time of multiple lots is shown as process 500. The Auction continually receives bids at step 510 until a predetermined interval of time before the scheduled closing time (the closing trigger interval). This is shown by the step 510-step 520 loop. At the closing trigger interval time, the software checks to see if any trigger bids have been made at step 530. For example, if the closing time interval is 2 minutes, then at 2 minutes before the scheduled closing of the lot, the software will check to see whether any trigger bids have been made.

Applicant respectfully submits that this citation from Alaia fails to teach limiting the transmission of bid values to an individual bidder in a Dutch auction when a third value is reached while allowing the transmission of bid values to other bidders to continue until a second (different) bid value is reached, as set forth in pending claims 39-44. Reconsideration of the Examiner's rejection of these claims in view of the prior art is therefore respectfully requested. To the extent that the Examiner maintains the present rejection, Applicant respectfully requests a more detailed explanation as to how the above-quoted passage teaches limiting the transmission of bids to an individual bidder while allowing the transmission of bids to other bidders to continue.

Finally, it is respectfully submitted that Alaia does not even qualify as prior art to the present application under 35 USC §103, because the present application and Alaia were commonly owned at the time of the respective inventions and continue remain under common ownership. See 35 USC §103(c). Compare assignment of present application to FreeMarkets, Inc. at reel/frame 010523/0797 with assignment of Alaia to FreeMarkets, Inc. at reel/frame

009945/0263 and 011796/0498. For this further reason, it is respectfully submitted that the Examiner's rejection of claims 39-44 should be withdrawn.

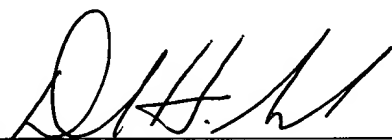
Conclusion

In view of the above, it is believed that all pending independent claims represent patentable subject matter over the cited prior art, either alone or in combination. Moreover, Applicants respectfully submit that each dependent claim is allowable, because each such claim depends from an allowable base claim. Applicants respectfully request the Examiner's consideration and examination of the application and timely allowance of the pending claims.

**EXCEPT** for issue fees payable under 37 C.F.R. § 1.18, the Commissioner is hereby authorized by this paper to charge any additional fees during the entire pendency of this application, including fees under 37 C.F.R. §§ 1.16 and 1.17 which may be required, including any required extension of time, fees, or credit any overpayment to Deposit Account 50-0310. This paragraph is intended to be a **CONSTRUCTIVE PETITION FOR EXTENSION OF TIME** in accordance with 37 C.F.R. § 1.136(a)(3).

Respectfully submitted,

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